



California Public Utilities Commission

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News Release

FOR IMMEDIATE RELEASE

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PUC ENCOURAGES MORE COMPETITION IN THE BROADBAND MARKET WITH BROADBAND OVER POWER LINES

SAN FRANCISCO, September 8, 2005 - California regulators today took steps to clear a regulatory path for deployment of new broadband technology using electric power lines. The California Public Utilities Commission (PUC), which oversees both the telecommunications and electric industries, took the unusual step of proposing a set of rules in advance for electric utilities wishing to test broadband over power line (BPL) technology in California.

"Today's action is a critical step toward clearing a regulatory path for developing BPL in California," said Commissioner Susan P. Kennedy.

PUC President Michael R. Peevey added: "California has been AWOL on developing BPL while other states have been forging ahead with testing and commercial development of this new technology. Today's action begins to move California back to the leading edge of the technology frontier."

The PUC's proposed rules would allow electric utilities to lease utility property such as distribution lines and utility poles for BPL projects without going through the lengthy review and approval process that such leases are normally subject to. The proposed rules would also give shareholders the right to keep financial proceeds of any BPL project so long as ratepayer funds were not used to finance the project. The proposal reaffirms that advanced telecommunications services such as broadband are not subject to state regulatory authority as are electric utility services or other traditional phone services, and makes clear that the PUC would not assert regulatory authority over BPL projects or services offered.

Last year, AT&T ended the only BPL pilot project in California, making California the only large state in the U.S. without a BPL pilot program or commercial offering by its largest electric utilities. On September 1st, San Diego Gas and Electric Company launched a BPL pilot. Meanwhile, Pacific Gas and Electric Company and Southern California Edison are considering pilot

programs. Los Angeles Department of Water and Power is also conducting a BPL project. Approximately 26 other states have launched BPL projects (see attached map).

“This puts California back on the map in developing new broadband technologies,” said Commissioner Kennedy.

President Peevey added, “BPL has the potential to offer head-to-head competition with cable and DSL someday – and the fact that electric power lines already reach virtually every home in the state makes BPL an important tool in our effort to make broadband accessible to every household in California.”

The Commission’s decision today opens a rulemaking and proposes a regulatory framework for BPL. The proposed rules will now be developed and released for public comment, and be subject to modification before being brought back to the Commission for approval. The proposed schedule calls for a final decision by the end of this year.

For more information on the PUC, please visit www.cpuc.ca.gov.

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